



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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June 28, 2019

Mr. Jeff Brown, Director
Health and Human Services Department
3091 County Center Drive
Auburn, CA 95603

Re: Retail Blanket Purchase Order Follow-up Review

Dear Mr. Brown:

The Internal Audit Division of the Auditor-Controller's Office performed a follow-up review to our review of controls over retail Blanket Purchase Order (BPO) office supply purchasing for the period of April 2017 through April 2018. The objective of our procedures was to determine how recommendations from our previous review were implemented to strengthen internal controls. Our procedures included inquiries of Department personnel, along with reviews of supporting documentation relating to our recommendations in our original report and how recommendations were utilized along with actions taken.

The following is a summary of our observations and recommendations along with the Department/Division response from the previous report dated October 18, 2018, which is then followed by the status of the Department's implementation of our recommendations.

Review and Approval Process

During the period of review, we noted there was no formalized review and approval process documented for office supply purchases to ensure each purchase is in compliance with County policies and purchasing agreements within the Children's System of Care Division (Division) of the Health and Human Services Department. Subsequent to our testing, the Division implemented a process to have an approver assigned to each purchaser utilizing the approval function within the Office Depot web account.

We recommend the Division continue to ensure all Division employees with active user Office Depot accounts are assigned an individual (supervisor or above) as a reviewer and approver and are utilizing the approval function within the Office Depot web account.

Department/Division Response:

The Division agrees with the recommendation and will continue to implement centralized approvals for Office Depot orders.

Status – Partially Implemented

The Division has assigned an individual (supervisor or above) as a reviewer and approver to some users' accounts and are utilizing the approval function within the Office Depot web account, but has not implemented this approval process for all active user accounts. In order to fully implement this recommendation, we recommend the Division continue to ensure employees with active user Office Depot accounts are assigned an individual (supervisor or above) as a reviewer and approver and are utilizing the approval function within the Office Depot web account.

Office Supply Storage

Per inquiry with Division staff, we noted there was a lack of a centralized storage area for office supplies creating inefficiencies in inventory control and staff locating necessary supplies. During fieldwork in May 2018, the Division was in the process of creating a centralized storage area for office supplies.

We recommend the Division continue to centralize office supplies in order to better maintain inventory and incorporate a process where physical inventory is reviewed prior to submitting orders which will assist in inventory control.

Department/Division Response:

The Division agrees with the recommendation and has purchased supply cabinets with locks for office supplies. The higher cost supplies are kept locked with limited access. A list of standard office supplies has been established identifying which office supplies are "stock" items. These items include basic pens, pencils, notepads, staples, tape, paper clips, etc. Inventory of stock items are kept secured in locked cabinets. Only a few basic items are accessible freely to all CSOC staff at any given time. Stock is rotated from the locked cabinets to open cabinets as the supplies are used up. The inventory levels are kept low so as to not accumulate items that may become obsolete. Stock items are reordered when the inventory level is low and may cause a shortage of any item that is regularly used. Items not identified as "stock" would be considered a "special order". Prior to inputting an order into the Office Depot ordering system for a non-stock item, the purchase is reviewed with an authorized approver.

Status – Implemented

The Division implemented the use of a centralized storage area for office supplies and established a process to review physical inventory prior to submitting orders.

The Department's responses to our recommendations identified in our original report dated October 18, 2018 are included above. We did not audit the responses and, accordingly, we do not express an opinion on them.

We appreciate the courtesy and cooperation of the Department's staff throughout the course of this review.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Nicole C. Howard'.

Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Twylla Abrahamson, Client Services Program Director
Jennifer Cook, Client Services Program Manager
Placer County Audit Committee